BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268–0001

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97–1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS DEGEN TO INTERROGATORIES OF
TIME WARNER, INC.
(TW/USPS–T12—36–40)

The United States Postal Service hereby provides responses of witness Degen to

the following interrogatories of Time Warner, Inc.: TW/USPS–T12—36–40, filed on

September 27, 1997.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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October 9, 1997

Response of United States Postal Service Witness Degen
to Interrogatories of Time Warner Inc.

TW/USPS-T12-36. Please refer to your answer to TW/USPS-T12-24a, in which you give the relationship between tally costs and volume variable costs in a cost pool.

a. Please provide the sum of the tally costs in each cost pool.
b. Please provide, for each cost pool, the sum of tally costs in each of the data sets ADW.MODS, WORK.SSVCNU, WORK.DIRECT, WORK.MIXED and OUT1.NOTHAND, created in MOD1DIR for MODS facilities, and the corresponding data sets created for BMC's and Non-MODS facilities.
c. Do all tally costs for CAG A-J clerks and mailhandlers add up to the accrued costs for Segment 3? If no, why not?
d. Do all BMC tally costs for clerks and mailhandlers add up to the accrued clerk and mailhandler wage costs at BMC's? If no, why not?

TW/USPS-T12-36 Response.

a. Please see LR-H-146, pages VI-5 to VI-7, column "WGT," for IOCS tally costs for each mail processing cost pool.

b. Please see Attachment 1 to this response for the requested data.

c. No. Please note that the total tally costs are not designed to add up to the accrued cost for Segment 3. Lump sum costs and uniform allowance costs are added to the compensation total distributed to the tallies (in the FY 1996 methodology) or the compensation total divided into cost pools (in the BY 1996 methodology) to obtain total Segment 3 costs.

d. Since the BMCs are assigned their own CAG for the purposes of tally cost weighting, the BY 1996 clerk and mailhandler compensation at BMCs should be approximately equal to the sum of BMC tally costs. They are not exactly equal because the BY 1996 BMC cost pools were not determined using program ALB095, LR-H-21, which computes the

tally dollar weights. The BMC tally costs are 100.14% of the BMC cost

pool costs. I believe the discrepancy is due to rounding differences

between program ALB095 and the procedure in LR-H-146, part I.

FY96 IOCS Tally Costs ($000s)

LDC	Cost Pool	SSVCNU	Direct	Mixed	Not Handling	Window	Admin	Total
11	bcs	0	383,193	72,825	248,067	0	0	704,084
11	ocr	0	133,901	22,511	82,302	0	0	238,713
12	fsm	0	398,608	53,488	216,459	0	0	668,555
12	lsm	0	440,595	26,332	165,721	0	0	632,647
13	1SackS_m	0	8,045	11,144	30,027	0	0	49,216
13	mecparc	0	4,498	2,118	4,846	0	0	11,462
13	spbs Oth	0	73,469	29,781	83,868	0	0	187,119
13	spbsPrio	72	20,261	8,342	26,389	0	0	55,064
14	manf	0	307,134	40,371	179,480	0	0	526,985
14	manl	264	881,180	56,405	426,102	0	0	1,363,951
14	manp	0	26,376	10,828	29,584	0	0	66,788
14	Pnority	0	73,195	26,733	80,708	0	0	180,636
15	LD15 (MOD1POOL)	0	6,744	1,388	4,818	0	0	12,949
15	LD15 (BCS/OSS Key)	0	36,778	0	0	0	0	36,778
17	1bulk pr	0	4,569	3,054	8,721	0	0	16,345
17	1cancMPP	63	149,500	40,021	126,646	0	0	316,230
17	1OpBulk	126	87,415	52,858	132,519	0	0	272,917
17	1OpPref	588	220,497	142,162	342,981	0	0	706,228
17	1Platform	603	83,089	244,866	561,192	0	0	889,750
17	1Pouching	207	119,087	97,843	210,272	0	0	427,410
17	1SackS_h	121	27,901	36,728	87,702	0	0	152,452
17	1scan	166	11,477	14,733	35,468	0	0	61,843
18	1EEqmt	0	991	14,585	26,203	0	0	41,780
18	1Misc	119	12,381	9,013	91,895	0	0	113,407
18	1Sup Oth	0	424	0	203	0	0	627
18	1Support	921	8,167	3,028	171,495	0	0	183,611
18	BusReply	1,171	15,660	1,657	13,980	0	0	32,469
18	Express	0	26,407	6,353	55,888	0	0	88,648
18	Mailgram	68	72	0	379	0	0	519
18	Registry	17,967	31,447	13,602	80,785	0	0	143,801
18	Rewrap	0	3,869	1,129	9,166	0	0	14,164
-	Intl	3,058	57,589	16,017	56,899	0	0	133,563
41	LD41	0	10,030	1,521	13,396	0	0	24,947
42	LD42	0	4,853	575	4,544	0	0	9,972
43	LD43	5,432	253,902	56,943	269,073	0	0	585,351
44	LD44	229	77,317	3,883	51,321	0	0	132,750
48	LD48_Adm	698	19,533	2,952	139,438	0	0	162,622
48	LD48_Exp	0	874	184	3,513	0	0	4,571
48	LD48_Oth	1,151	30,971	8,514	84,609	0	0	125,245
48	LD48_SpS	4,186	27,873	2,370	65,074	0	0	99,502
49	LD49	0	142,772	9,123	116,318	0	0	268,214
79	LD79	0	19,766	4,994	116,641	0	0	141,401
MODS	Window	0	0	0	0	721,751	0	721,751
MODS	Admin (incl 2ADM_Out)	0	0	0	0	0	829,265	829,265
BMC	SSM	0	12,874	3,411	7,031	0	0	23,316
BMC	Allied Ot	0	67,890	57,649	62,566	0	0	188,105
BMC	PSM	0	52,095	1,801	12,515	0	0	66,411
BMC	SPB	0	26,287	12,123	13,242	0	0	51,652
BMC	NMO	0	11,059	5,389	7,765	0	0	24,213
BMC	Platform	0	30,743	41,210	76,772	0	0	148,725
BMC	Z Breaks	0	0	0	114,827	0	0	114,827
BMC	Window	0	0	0	0	960	0	960
BMC	Admin	0	0	0	0	0	126,299	126,299
Non-MOD	Mail Proc	0	1,375,539	186,306	652,187	0	0	2,214,032
Non-MOD	Window	0	0	0	0	1,136,083	0	1,136,083
Non-MOD	Admin	0	0	0	0	0	516,705	516,705

TW/USPS-T12-37. Please refer to your answer to TW/USPS-T12-26b, in which you indicate three types of question 18 responses that may lead to activity code 6523 being assigned to a not handling tally.

a. Besides the three types of question 18 responses that you have mentioned, are there any other ways in which activity code 6523 may be assigned to a not handling tally? If yes, please describe each such scenario.

b. Please provide, for each cost pool, the volume variable 6523 not handling costs that resulted from IOCS clerks selecting the empty equipment categories in, respectively, question 18b part 2, question 18d part 2 and 18g. Additionally, please provide the 6523 not handling costs that resulted from any other combination of responses by IOCS clerks that you may have identified in response to part a above.

c. Please confirm that the responses to question 18b part 2 to which you refer apply only in the case of an Expediter or a Dock/Ramp/Transfer Clerk working on a platform and doing something related to empty equipment without actually handling it. If not confirmed, please explain.

d. What kinds of not handling activities associated with empty equipment would (1) Expediters; and (2) Dock/Ramp/Transfer Clerks normally engage in?

e. Please confirm that the responses to question 18d part 2 to which you refer apply only in the case of an employee at a distribution or related operation that is not handling empty equipment but is on his way to, or on his way back from, obtaining equipment for use in the operation or disposing of excess equipment used in the operation. If not confirmed, please explain.

f. Please confirm that question 18g titled "administrative and other activities", applies only to employees whose activity cannot be associated with any of the mail processing functions described in questions 18b through 18f, and that the selection of "handling empty equipment" is indicated if "the selected employee is handling or moving empty equipment but is not performing a platform or distribution and related mail processing activity." Please also explain how the description "handling empty equipment" can be interpreted to include "not handling" empty equipment.

Response of United States Postal Service Witness Degen
to Interrogatories of Time Warner Inc.

TW/USPS-T12-37 Response.

a. I reviewed program ALB040, LR-H-21, and was unable to find any other IOCS responses that would lead to the automatic assignment of activity code 6523 to a clerk or mailhandler tally. Option 'E' of question 16F could lead to the assignment of activity code 6523 to a city carrier tally if the carrier was not recorded as actually handling a piece of empty equipment. Examining the IOCS tally data (LR-H-23), I observed that some not-handling tallies which were classified as "other" work in questions 18b part 2, 18d part 2, 18e, and 18g also received activity code 6523. I am informed that in these cases, percentages of the tallies are assigned to various activity codes based on the distribution of manually assigned activity codes in 1991 (the most recent year in which the comments fields recorded in CODES were inspected for this purpose). Each "other" category in the question 18 subparts has its own distribution. This procedure has been in place since 1992. Please see LR-H-14 for further details.

b. Please see Attachment 1 to this response for the requested data.

c. Not confirmed. According to LR-H-49, page 58, CODES branches to question 18b, part 2, if the question 18b, part 1, response is 'G' (Expediter of Dock/Ramp/Transfer Clerk) or 'H' ("Other Platform Work).

In Attachment 1, I further separated the empty equipment observations

from question 18b, part 2, by the response to question 18b, part 1.

d. Some inbound or outbound trucks contain exclusively empty equipment.

Activities related to these trucks may cause expediters or

dock/ramp/transfer clerks to be recorded as working with but not

handling empty equipment. For instance, these workers could be

inventorying the loads of empty equipment. There may be other

examples of which I am not aware.

e. Confirmed, noting that "at a distribution or related operation" in this

context refers to the sampled activity in IOCS.

f. Confirmed that the data collector will reach question 18g only if the

sampled employee's activity cannot be classified in an earlier part of the

question. Clearly, it is an oxymoron for an employee "not-handling-mail

(or empty equipment)" to be "handling empty equipment." However, the

apparent contradiction merely reflects the fact that "handling empty

equipment" is shorthand for "handling empty equipment and related

work." See the description of MODS operation number 549 in LR-H-147,

Appendix A, for a description of empty equipment-related work activities.

Breakdown of volume variable costs ($000) distributed to activity code 6523 tallies

			Not Handling								
			DK/Rmp/Trans Clk		Oth Platform		Allied Lab	Adm/Other		Misc	
									18g = 'Y' &		
LDC/Group	Cost Pool	Handling	18b pt 2 = 'D'	18b pt 2 = 'E'	18b pt 2 = 'D'	18b pt 2 = 'E'	18d pt 2 = 'H'	18g = 'T'	18g pt 2 = 'Z'	18e = 'I' or 'J'	Total
11	bcs	43,464	0	0	184	0	14,088	642	66	0	58,445
11	ocr	10,716	0	0	49	0	4,713	0	0	0	15,478
12	fsm	36,837	0	0	67	0	17,167	351	0	60	54,481
12	Ism	18,942	0	0	0	0	6,219	133	0	0	25,294
13	1SackS_m	4,312	66	462	828	172	623	641	86	0	7,189
13	mecparc	1,064	0	0	55	0	209	0	0	0	1,327
13	spbs Oth	7,525	0	32	54	26	2,706	134	0	0	10,476
13	spbsPrio	3,307	0	0	0	0	1,539	53	0	0	4,900
14	manf	18,950	0	0	35	0	9,262	294	0	0	28,542
14	manl	27,062	0	0	513	0	12,978	303	57	0	40,912
14	manp	2,204	0	0	131	18	778	1	0	0	3,132
14	Priority	7,891	41	92	203	0	2,800	84	27	0	11,139
17	1bulk pr	814	0	0	0	0	144	35	0	0	993
17	1cancMPP	10,742	96	0	953	101	2,594	356	0	31	14,873
17	1OpBulk	25,289	67	0	814	0	9,277	1,043	62	0	36,552
17	1OpPref	57,654	354	120	1,655	92	19,924	1,242	52	53	81,147
17	1Platform	66,802	4,337	6,380	21,344	2,781	7,283	1,890	121	0	110,939
17	1Pouching	36,499	149	375	1,189	482	11,113	654	0	59	50,520
17	1SackS_h	7,737	340	171	1,995	630	2,108	102	0	0	13,082
17	1scan	2,732	40	62	379	149	641	164	0	0	4,168
18	1EEqmt	12,019	241	0	5,366	329	2,450	4,668	56	0	25,128
18	1Misc	3,243	125	306	467	20	1,725	336	62	232	6,516
18	1Support	713	0	121	33	78	119	54	50	82	1,250
18	BusReply	606	0	0	0	0	56	0	0	0	662
18	Express	1,105	120	0	38	0	145	9	0	0	1,416
18	Mailgram	0	0	0	0	0	41	0	0	0	41
18	Registry	694	1	15	0	1	29	0	0	0	739
18	Rewrap	462	0	0	46	0	73	53	0	0	634
-	Intl	3,293	116	385	89	137	761	87	0	0	4,867
41	LD41	550	0	0	0	0	408	0	0	0	958
42	LD42	0	0	0	0	0	133	0	0	0	133
43	LD43	20,808	0	64	2,803	137	15,781	940	84	0	40,617
44	LD44	2,068	0	0	0	0	2,033	100	36	101	4,338
48	LD48_Adm	0	0	0	0	0	0	0	0	0	0
48	LD48_Exp	14	0	0	0	0	0	0	0	0	14
48	LD48_Oth	641	17	13	90	19	464	103	8	16	1,371
48	LD48_SpS	225	0	0	8	19	133	0	0	9	395
49	LD49	5,470	0	0	0	0	146	0	0	0	5,616

LDC/Group	Cost Pool	Handling	DK/Rmp/Trans Clk 18b pt 2 = 'D'	18b pt 2 = 'E'	Oth Platform 18b pt 2 = 'D'	18b pt 2 = 'E'	Allied Lab 18d pt 2 = 'H'	Adm/Other 18g = 'T'	18g = 'Y' & 18g pt 2 = 'Z'	Misc 18e = 'I' or 'J'	Total
79	LD79	1,956	0	0	164	203	127	33	36	91	2,610
MODS Mail Proc		444,408	6,111	8,598	39,551	5,393	150,787	14,506	802	735	670,891
BMC	SSM	813	0	0	0	0	0	0	0	0	813
BMC	Allied Ot	15,974	0	0	0	0	3,035	0	0	14	19,023
BMC	PSM	724	0	0	0	0	0	0	0	0	724
BMC	SPB	5,745	0	0	0	0	1,032	0	0	0	6,778
BMC	NMO	2,063	0	0	0	0	671	0	0	0	2,735
BMC	Platform	8,822	106	473	3,594	331	0	0	0	0	13,326
BMC Mail Proc		34,143	106	473	3,594	331	4,738	0	0	14	43,399
Non-MODS Mail Proc		83,586	1,375	153	9,043	396	26,981	0	0	251	121,786
Total Mail Proc		562,137	7,592	9,225	52,187	6,121	182,506	14,506	802	1,000	836,076

TW/USPS-T12-38. Please refer to your answer to TW/USPS-T12-27b.
Which 3-digit MODS numbers are used, in AO's stations and branches
included in the MODS data base, to describe:

a. manual distribution of letters from 5-digit to carrier route;
b. manual distribution of flats from 5-digit to carrier route;
c. distribution of carrier route presorted bundles to the respective carriers;
d. distribution of small parcels and rolls to carriers;
e. loading and unloading mail at the platform;
f. culling and other preparation of collection mail before it is sent to the
    main processing facility?

TW/USPS-T12-38 Response.

a.–d. These activities are described by MODS operation 240C ("Distribution

    at Stations and Branches—Composite"), which is associated with the

    "LD43" cost pool.

e.–f. My understanding is that allied labor activities such as these performed

    at stations and branches are generally recorded under LDC 48 operation

    numbers, along with other Function 4 support and miscellaneous work.

    See LR-H-146, page I-25, for the relevant MODS operation numbers.

TW/USPS-T12-39. Please refer to your answer to TW/USPS-T12-28b, in which you speculate that observations of pallets inside containers may refer to empty pallets being transported in rolling stock. Please assume that an IOCS clerk observes an employee handling an all purpose container (APC) with some empty sacks and nothing else inside.

a. Would this give rise to a 6523 (empty equipment) tally, or a tally showing a container with sacks in it?
b. If a tally shows a container with items in it being handled, is there any way of knowing from the data base whether those items contained mail or not? If yes, how?
c. Is it generally true that an observation of a container with one or more empty items and nothing else inside gives rise to a mixed mail container tally, rather than a "handling empty equipment" tally? If no, please explain.

TW/USPS-T12-39 Response.

a. The answer depends on how the data collector responded to question 21. If the response indicated that the APC was empty, then activity code 6523 would be assigned. Otherwise, my understanding is that a 56XX-57XX mixed-mail activity code would be assigned. The new cost distribution methodology would treat this observation as an identified container if the data collector recorded the percentage of the APC volume occupied by the sacks.

b. No. Such data are not collected in IOCS.

c. As indicated in my response to part a, activity code 6523 is assigned to a handling-container tally if the container is recorded as empty in question 21. If the data collector recorded percentage(s) of container volume occupied by the item(s), the new cost distribution methodology

would treat the tally as an identified mixed-mail container, otherwise it

would treat the tally as an unidentified mixed-mail container.

Response of United States Postal Service Witness Degen
to Interrogatories of Time Warner Inc.

TW/USPS-T12-40. Please refer to your answer to TW/USPS-T12-28c, in which you comment that it may be difficult to count a pallet with trayed or sacked non-identical mail without delaying the mail.

a. Please confirm that whether the IOCS clerk does or does not count such a pallet, he has no way of indicating that the pallet contained trays or sacks, rather than loose bundles or pieces. If not confirmed, please explain how he would so indicate and how that information can be retrieved from the IOCS data base.
b. Please confirm that when an IOCS clerk observes a pallet containing trays or sacks with identical mail, giving rise to a direct tally, he has no way of indicating that the pallet contained sacks or trays, rather than loose bundles or pieces. If not confirmed, please explain how he would so indicate and how that information can be retrieved from the IOCS data base.
c. When an IOCS clerk observes a pallet containing sleeved trays or sacks, how does he determine whether it contains identical mail?

TW/USPS-T12-40.

a. Confirmed.

b. Confirmed.

c. If there is information (from sack or tray labels, etc.) that would lead the data collector to believe that the pallet could contain identical mail, then presumably the data collector could make the determination after inspecting (if possible) pieces from some of the sacks or trays. Strictly speaking, this would not be a positive determination that the pallet contained identical mail. However, I do not believe it would make sense to break down pallets solely for this purpose. Please note that there is also a "cannot determine" option for the identical mail part of question 21. See the description of variable F9216, LR-H-23.

I, Carl G. Degen, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information, and belief.

_____   10-8-97
Carl G. Degen   Date

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

Eric P. Koetting

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October 9, 1997